

## **The Economy, Big Data, and Rural Municipalities**

By: Anup Persaud

Contact: [apersaud49@myseneca.ca](mailto:apersaud49@myseneca.ca)

*This article is based on the findings and research from the Economic Developers Council of Ontario Annual Conference 2019.*

### **Abstract**

This paper examines the economy in relation to the “Future Report” produced by the International Economic Developers Councilors. It discusses the relationship between the economy and foreign investment and the benefits of and drawbacks of the World Council on City Data (WCCD) quality of life indicators. There is also an emphasis on the economic development of rural municipalities, specifically the County of Norfolk, and some of the issues surrounding agriculture and tourism will be analyzed based on round-table discussions during the EDCO 2019 conference.

### **Introduction**

In a diversifying world that incorporates new methods of economic development, municipalities are forced into unique situations that might produce opportunities or downfalls. The “Future Ready” report provides several key themes that contribute to the economic prosperity for municipalities. Economy, funding, governance, demographics, talent and skills, environment and technology are the main contributing factors. This paper will focus on economy; particularly on different economic sectors, specializations, products and programs. It will also discuss and analyze the relationship between these themes and the effect on rural municipalities; expanding on the discussions that took place during the 2019 annual Economic Developers Council of Ontario conference.

### **Economic Sectors**

Having different economic sectors is vital to the prosperity of a municipality. Some of the major sectors in Ontario includes manufacturing, agriculture, forestry and mining; these sectors contribute differently based on the municipality. For example, agriculture might be more prominent in a rural municipality and manufacturing might be represented greater in an urban municipality. According to the Government of Ontario, “Ontario’s economy thrives through its unique combination of resources, manufacturing expertise, exports and a drive for innovation. Ontario generates 37% of the national GDP and is home to almost 50% of all employees in high tech, financial services and other knowledge-intensive industries.”

## **Foreign Direct Investment**

“Foreign direct investment (FDI) is defined as an investment that allows an investor to have a significant voice in the management of an enterprise operating outside his own economy” (Miele 75). Companies or individuals can directly invest by investing in a new project in Canada by a foreign country or invest in financial capital in an existing company. Foreign direct investment is important for economic growth, although there are also some challenges that are attached. As discussed at EDCO 2019, it is important to attract new investment, however keeping in mind that might be competing with your own businesses. Expanding on that idea, it is not uncommon for concerns to arise for hosts countries with potential negative impacts related to foreign investments, however, this tends to be associated more with politics, rather than economics. There are various things to keep in mind when interacting with foreign delegations that were highlighted. The first is understanding your objectives, understanding what tasks needs to be accomplished and what results are anticipated. Knowing your delegates and understanding protocols are also important. For example, if there are cultural differences a translator might be necessary and research should be done to understand what is appropriate etiquette. These are all things that should be taken into consideration when dealing with foreign delegations.

## **“Big Data” and the Economy**

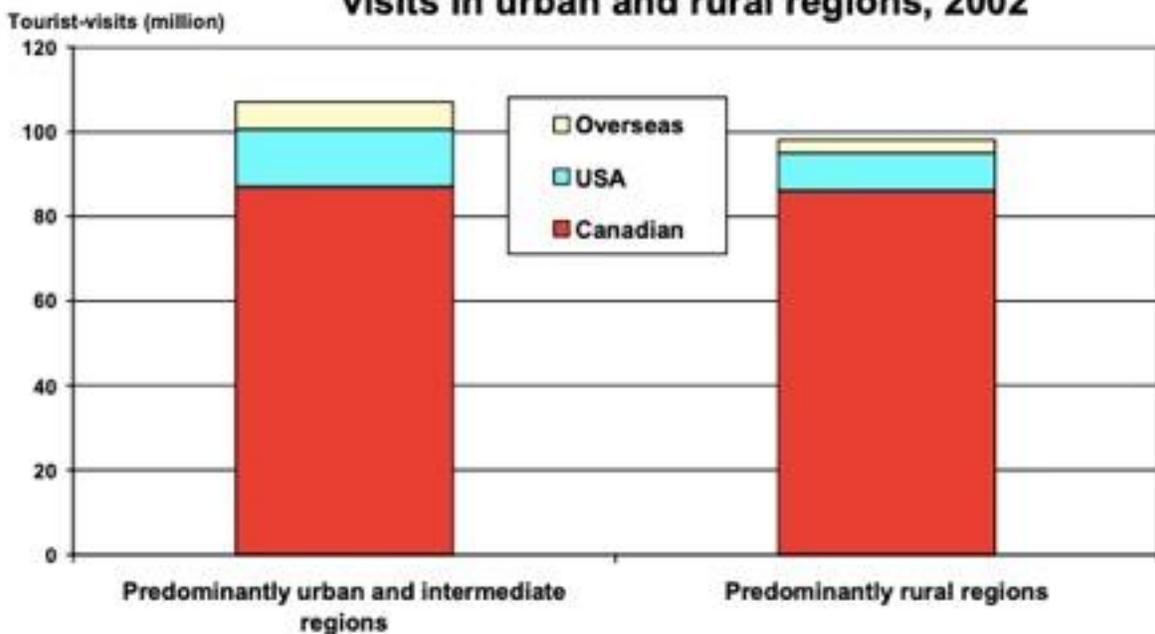
During EDCO 2019, Dr. Patricia McCarney, President and CEO of the World Council of City Data (WCCD) presented thought-provoking ideas on the potential of economic development through the shared information of cities across borders. The WCCD hosts a network of innovative cities committed to improving services and quality of life with open city data and provides a consistent and comprehensive platform for standardized urban metrics. Cities contribute over 80% of the gross domestic product, and 83% of Canada is urbanized. The investible city index is a unique and resourceful tool provided by the WCCD that municipalities and other levels of governments can use to analyze opportunity. The WCCD uses the International Organization for Standardization to develop indicators for city services and quality of life. Although this acts as a beneficial system, it seems it may only benefit very large urban municipalities who can afford to pay yearly to become a certified member. Rural municipalities may not have the financial resources to take advantage of this service.

## **EDCO & Rural Municipalities**

At the EDCO 2019 conference, thought provoking ideas emerged during roundtable discussions addressing the economy. Municipal economic development professionals from the County of Norfolk addressed concerns and highlighted areas of improvement for the small rural community. Norfolk County is a rural single-tier municipality on the north shore of Lake Erie in Southwestern Ontario, it comprises slightly over 60,000 people. The three biggest sectors that provides economic stability and revenue is the agriculture, cannabis and tourism. Most of the issues within this region stems from closures of factories and the reintegration of workers back into the workforce so they can contribute to the economy. Talent and skill set is concerning due to the lack of economies of scale in the County. The economic development professionals

articulated that they must start thinking more strategically rather than being reactive to situations that develop where the municipality is caught off guard. One of the major factors that contribute to most economic development in rural communities, is tourism. “The Tourism Economic Model was prepared by The Centre for Spatial Economics, commissioned by the Tourism Research Branch of the Ontario Ministry of Tourism” (Miele 98). There are various types of tourisms that are present under the economic model, some included are, ecotourism, culture tourism and weekend tourism. In regards to Norfolk County, the professionals elaborated on “experiential tourism” and the critical role it serves the community. According to Nature and Outdoor Tourism Canada, experiential tourism is “An outgrowth of a global movement toward experiential learning, whereby people create meaning through direct experience.” The professionals explained that engaging with the history of the municipality is an effective way of promoting the area as an attractive place for immigrants to settle. The downtown core offers many activities such as pottery that generates attention for people visiting the County.

**Figure 1 Canadian tourists generated the majority of tourist-visits in urban and rural regions, 2002**



Source: Statistics Canada, Canadian Travel Survey, 2002; International Travel Survey, 2002.

Figure 1 shows that Rural communities not only attract foreign tourist, it also attracts many Canadians from different regions as well. As illustrated, the most recent data in the year 2002, predominantly rural regions account for over 80 million Canadian tourists. According to Statistics Canada “The fact that total Canadian tourists tend to be younger is of importance for predominantly rural regions. That is because younger Canadian tourists were slightly more likely to visit a predominantly rural region, compared to older Canadian tourists.” This is significant because in relation to skilled labour and talent, educated younger generations possess the tools needed for adaptability and innovation in different economic sectors. According to statistics Canada the total amount of spending as a percentage in Ontario in relation to tourism is split into

five different categories. Three of the biggest spending areas are from “Americans in Canada,” which is 40%, “Canadians in Canada,” which is 34.1% and “Ontarians anywhere in the world” which is 42.5%. In contrast to figure one represented above, these statistics represent a larger national and regional sample.

One of the dilemmas that rural communities face is balancing the ability to generate revenue but at the same time keep residents happy and not wanting to relocate. Finding that balance is what professionals at Norfolk County expressed during round table discussions. Another economic sector that has potential to thrive is the cannabis market. With the recent legalization of cannabis, communities are expecting an increase in jobs, however, these jobs are low wage and not financially stable for residents. Transportation is another issue that is faced in the County of Norfolk, there is a minimum level of connectivity for residents to move around and for new residents to come in. Most of the infrastructure and transportation is highly subsidized, however there needs to be more provincial funding for these communities in order for them to promote economic development.

## **Conclusion**

This paper highlighted some of the key themes in relation to economic development with respects to different economic sectors in rural communities. Some of the key themes that were looked at includes, foreign direct investment and “big data.” The 2019 EDCO conference provided thought-provoking information in regards to the possibilities for municipalities through strategic plans, innovative thinking, and the use of technology. However, there are still many hurdles that smaller municipalities need to overcome in order to make use of the data and resources that are being generated. There must be cooperative help from all levels of government to ensure that economic development is not something only benefiting specific portions of the province.

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